



Tom Barrett
Mayor, City of Milwaukee

Mayor Barrett's 2016 Executive Budget Address
September 22, 2015

Good morning.

Thank you Mr. President, members of the council, City Attorney Langley, Comptroller Matson, Treasurer Coggs, members of the cabinet and members of the public. Thank you for welcoming me here this morning.

With the presentation of my proposed 2016 city budget, we continue the annual process that defines how city government will operate in the coming year. Yet this is far more than a procedural effort to allocate funds. This is our combined effort to identify needs and opportunities, and to reconcile dreams with reality. We know that we must continue to do better with limited resources.

Here's the bottom line: The 2016 budget includes a tax levy freeze. Despite declining state aids, recycling grant reductions and assessed property being taken off the tax rolls by state government, this budget gives our residents relief and does not cut services.

Under my tax levy freeze, the owner of an average-valued residential property will see a City government tax levy decrease of \$4.92, compared with 2015. The city tax rate will fall 1.1%, to \$10.59 per \$1,000 of assessed value. The proposed levy freeze, combined with economic development initiatives and continued investment in the Strong Neighborhoods Plan, will improve the city's financial environment for investment and redevelopment.

The 2016 municipal service fees will increase by \$7.54. On a combined basis, the 2016 levy and municipal service charge changes result in an estimated increase of approximately \$2.65 to the typical residential property owner compared with 2015. This essentially flat cost is less than the rate of inflation.

A major reason for this, and one the Council has spent much time on this year, is increases in our tax base due to major development and the slow, but sure recovery of the City's housing market. The value of new construction added 1.1% to our tax base this year, and downtown development

continues to “punch above its weight,” reducing the share of taxes paid by homeowners in our neighborhoods.

We built my 2016 City budget guided by several key priorities. Foremost among those priorities is public safety. The operating budget for the police department is \$277.6 million. We’re also making a capital investment of \$9.1 million in the Police Department. Since I took office, we have together increased the Police Department operating budget by 54%.

Any way you look at it, we continue to make a huge commitment to public safety. That, and putting Milwaukeeans to work, remain my top priorities.

To maintain a steady staffing level, we will be hiring 100 new police officers. A class of 35 will enter the academy later this year and will hit the streets in May of next year. An additional 65 officers will start mid-next year and graduate in February of 2017. The 2016 cost of hiring 100 officers is \$4.15 million.

Body cameras are the next evolution in policing technology and we are proud to be at the forefront of this public safety initiative. My budget devotes \$880,000 to fund body cameras.

The police had two furlough days in 2010. From 2013-15, they had three furlough days. For 2016, I have eliminated furloughs for police officers at a cost of \$1.5 million. Let me put this decision into context.

When the State Supreme Court upheld the legislative mandate requiring all Milwaukee general City employees must pay toward their pensions, we crafted a solution that eliminated furlough days and provided a salary adjustment to the affected employees.

But, as you know, Act 10 deliberately set up a structure that pitted city worker against city worker. One of my strongest criticisms of the legislation was it pitted police against librarians and firefighters against public health nurses. Now, these divisions should end.

Today, we have a situation where each general city employee pays toward his/her pension, but approximately 88% of our police officers and firefighters do not.

By eliminating police furloughs, I am making a good faith effort to end this internal inequity. Everybody working a regular City shift had furlough days until general City employees started making payments toward their pensions. It isn’t fair now to have one group of employees being treated differently than others.

I recognize our first responders have tremendously difficult jobs and I have incredible respect for the hard-working men and women of the Milwaukee Police and Fire Departments.

The bottom line is we still have to run the City and must treat our taxpayers and all employees fairly. We cannot pit employees against one another.

You also cannot ignore residency in this issue. You have, in effect, people saying “I won’t pay for my pension through my payroll” and “I won’t pay for my pension through my property tax.” So the question is: “Who do you want to pay it?”

Again, I'm looking for equity. This is not an attempt to take away health care or pensions. Rather, it's an effort to continue to provide solid family supporting jobs to individuals in a way that is fair to all city employees and taxpayers.

It's also important to note, protective service employees around the State are paying toward their pensions.

I stated earlier that there has been a 54% increase in the Police Department operating budget. That doesn't count the full cost of pensions for police, which is estimated at \$32 million this year alone.

I'm fully prepared to have a meaningful conversation about police staffing levels.

What I'm NOT going to do is cut public health nurses. I am not going to slow down the reconstruction of neighborhood libraries, gut our increased commitments to infrastructure or interrupt our efforts to build strong neighborhoods and put people to work. The best option is the fair option: everyone should be contributing toward his or her pension.

My executive budget includes important funding to ensure our public safety employees have the best equipment to keep our city safe. With a major capital investment of \$1.5 million, the Fire Department will procure two new engines and two new paramedic vehicles.

We will be bringing on board another diverse class of fire cadets: 13 men and women dedicated to and reflective of our community.

The men and women of the Milwaukee Fire Department deserve our thanks for putting their lives on the line every day for us. And, importantly, the Department also deserves praise for its efforts to address workers compensation costs and lost work days. While these numbers don't show up as a line item in the budget, it is real money and the savings have been significant.

Last year, along with Alderman Hamilton and Alderwoman Coggs, I set aside funding to support children and families who experience trauma in their homes or in the community. Our trauma response project is underway, and has already reached dozens of families affected by violence. In 2016, I commit \$180,000 to further this important work.

I am dedicating \$150,000 to the City of Milwaukee Health Department to help create a comprehensive and city-wide Youth Development and Violence Prevention Initiative. Excellent work is already taking place throughout the community, and committed stakeholders including youth and neighborhood residents will be at the table in this work.

I cannot - and will not - turn away from the long-term investments that reduce the risk factors that contribute to violence and directly impact our city's health, growth, and quality of life.

The long-term effects of even small amounts of lead paint are well-known, and too many houses in our city continue to pose threats to Milwaukee children. To reduce lead hazards, I am committing \$340,000 to the Health Department to protect more children from the detrimental effects of this insidious threat.

Another key budget priority is strong and healthy neighborhoods.

We are successfully working in the neighborhoods hardest hit by foreclosure – getting tax-foreclosed properties back into productive use. I don't want the City to own homes; I want families to live in them. In 2014, we set an ambitious goal: sell 350 City-owned homes. We sold more than 400 last year. We will far exceed our goal of selling 450 this year. These homes put more than \$30 million in taxable value back on the tax rolls this year alone. This value, just like the billions of new downtown development underway, helps us reduce the property tax burden on Milwaukee homeowners.

The 2016 budget includes \$10.9 million in funding for the Strong Neighborhoods Plan, including initiatives which focus on enabling essential home repairs, creating incentives for area redevelopment, and supporting investment in commercial properties. This includes \$2 million for the loan programs which reduce the risk of foreclosure to owners who have code violations or whose mortgage debt exceeds the value of their property. Two issues very important to Alderman Bauman.

My capital budget includes \$2.2 million for Department of Neighborhood Services demolition and deconstruction. I've also proposed Block Grant reprogramming funds for these purposes, because the public safety problems posed by blighted buildings cannot get in the way of the progress our neighborhoods are making.

Our efforts are not just focused on properties. Employment opportunities are a priority too. This summer, I saw the great potential for deconstruction when we visited a job site in Alderman Wade's district. I met City residents getting valuable training while removing a blighted property and reducing landfill waste. My budget continues to support the growth of deconstruction and salvage in Milwaukee.

Members of the Common Council, thank you for supporting our efforts to continue the fight against foreclosures.

A goal of our 2016 city budget is building economic security for our residents. And the best path to economic security is a good job.

Compete Milwaukee will build on our efforts to better match training programs and employer demand, and place persons facing significant barriers to employment on a path to full-time work. The city has made 111 transitional job placements during 2015, with estimated wage income of \$1.1 million. This included 17 placements as ambassadors in the Milwaukee Police Department, who benefit from career readiness program components and strengthen communication and relations between the community and the police. During 2016 *Compete Milwaukee* will place greater emphasis on links to ongoing job placements for city residents.

Following my presentation this morning, you will undertake a review of the City's role in building a new arena. The plan before you accomplishes several important objectives. It preserves a community asset, the Milwaukee Bucks. It adds vitality and tax base to a part of downtown that has great potential. And, most importantly, it creates employment opportunities for our residents in construction.

The City's piece of the arena agreement protects our property taxpayers and adds value for our residents and our City.

We're also making investments in the neighborhoods.

Take a look at the construction underway at the \$4 million Asian Market in Havenwoods at 76th Street. The City is a partner there with a \$100,000 Retail Investment Fund grant and soon you'll see 160 vendors, nine restaurants and dozens of new jobs.

Drive along West Layton Avenue in Alderman Witkowski's district and you'll see a city investment near 7th Street. Our investment in façade and whitebox grants leveraged hundreds of thousands of dollars in private investment.

And, in Alderman Stamper's district, the grand opening of the new north side St. Ann Center for Intergenerational Care last week was a cause for celebration. The activity and jobs at 24th and North Avenue were made possible, in part, because the City worked with St Ann's to assemble the property and transfer it at minimal cost.

We're selling commercial properties in neighborhood business districts getting them back into use. The old Finney Library on Sherman Boulevard is becoming an artisan studio; construction will begin shortly at the International Building at 6th and National Avenue reactivating that site in Aldermen Perez's district; and pending your approval later today, a restaurant will reopen as a grocery store in Bronzeville, which Alderwoman Coggs has long advocated for.

On Holton Street, Forest Home Avenue, National Avenue and all across Milwaukee, the City invests resources---alongside local businesses--- to improve commercial activity, create jobs, and strengthen neighborhoods. My budget also supports small business development and implements the recommendations of the Local Business Action Team. This team, led by Aldermen Witkowski, Bohl, and Perez, helped us find new ways to encourage small business growth in our city.

We will not have significantly more tax revenue in 2016. Nor will we have more shared revenue or other state resources to supplement our budget. What we do have are increasing demands on our limited finances.

We have a continuing obligation to run our government effectively, responsibly, and efficiently.

We have carefully managed our pension responsibly. The plan's January 1, 2015 actuarial funded ratio of 97.2% is one of the best among major Public Employment Retirement Systems. Thank you, especially President Murphy, for joining my efforts to ensure our pension plan remains sustainable.

The city's capital plan maintains a manageable debt service levy. General obligation debt per capita has declined 15.5% since 2011. Finance Chair Kovac has helped guide this effort.

We are not pushing obligations off to future generations and my commitment to the City's infrastructure remains strong.

Core infrastructure programs including streets, bridges, street lighting, water mains, and sewers total \$78.6 million in the 2016 budget. Between 2004 and 2015 annual city funding for core infrastructure increased by \$40.6 million.

During 2016 the City will improve the condition and extend the useful life of 36 miles of local streets. This investment will improve the quality of life and support new development. The budget also continues the \$1 million allocation to the conversion of outdated street lighting. This work has reduced area outages by as much as 90%. In addition, the 2016 budget continues a six-year program of Milwaukee Water Works improvements which will replace 101 miles of mains, including 15 miles in 2016.

Avoiding sewer overflows and basement back-ups is certainly a quality of life issue. My budget includes \$5 million of new funding for important flood mitigation work at Copernicus and Dineen Parks.

The City is committed to providing services and operating facilities that are accessible to all citizens. This year, departments will evaluate their programs and take steps to prevent and remove access barriers and ensure compliance with the Americans with Disabilities Act. My budget includes \$250,000 for expenses to plan development.

We continue on track to replace Forest Home library and the Mill Road library in Alderman Puente's district with \$4.8 million of proposed capital funding. These investments will enable programming and service improvements, including initiatives to serve young families, teenagers, and small business

One of the biggest infrastructure costs in this year's budget is our work to stabilize the foundation of City Hall. It's a significant, but necessary, investment.

I'm pleased to say my executive budget includes some items made possible because of the healthcare savings we are achieving. Employees are making the right decision about healthcare utilization, including using the resources available through our workplace clinic. I appreciate our employees using this benefit responsibly.

City employees are hard-working and innovative and I'm proud of their service to taxpayers.

More good things are happening in the City of Milwaukee than in any other city in the state. Milwaukee is a great city. Our natural beauty, our history, and our public and private sector investments have all contributed to Milwaukee's greatness. The most important element, though, is our people – they make this City something special. This budget prioritizes people – their safety, their neighborhoods, their employment – so that Milwaukee's greatness continues.

Members of the Council, let's continue to work together and build on Milwaukee's momentum.